

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

LILITH GAMES (SHANGHAI) CO.)	Case No. 15-CV-01267-SC
LTD.,)	
)	ORDER DENYING DEFENDANTS'
Plaintiff,)	<u>MOTION TO COMPEL</u>
)	
v.)	
)	
)	
UCOOL, INC. AND UCOOL LTD.,)	
)	
Defendants.)	
)	
)	

I. INTRODUCTION

Now before the Court is Defendants uCool, Inc. and uCool LTD's ("uCool") motion to compel particularized trade secret disclosure by Plaintiff Lilith Games Co. ("Lilith"). ECF No. 45 ("MTC"). The motion is fully briefed¹ and appropriate for resolution without oral argument under Civil Local Rule 7-1(b). The hearing scheduled for August 14, 2015 is VACATED.

In its motion and supporting papers, uCool asks the court to compel Lilith to "to disclose its trade secrets with adequate particularity" and to bar "Lilith from taking discovery until such

¹ ECF Nos. 55 ("Opp'n"); 60 ("Reply").

1 productions are made" pursuant to section 2019.210 of the
2 California Code of Civil Procedure. MTC at 15. Because Lilith has
3 already disclosed its trade secrets with adequate particularity,
4 uCool's motion is DENIED. Further, Lilith is not barred from
5 taking discovery.

6 7 **II. BACKGROUND**

8 Plaintiff Lilith is a video game developer that released the
9 game Dao Ta Chuan Qi (translated as "Sword and Tower")² in China in
10 February 2014. Lilith claims to own the copyrights in Sword and
11 Tower's source code and to possess Chinese copyright registrations.
12 In March 2015, Lilith decided to release Sword and Tower in other
13 countries including the United States, Japan, and certain European
14 countries.

15 Defendant uCool is an American video game marketer who
16 allegedly used the copyrighted software code for Sword and Tower to
17 create its own game, Heroes Charge, which it published in the
18 United States in August 2014. According to Lilith's complaint,
19 Sword and Tower and Heroes Charge both involve the same ideas, and
20 their expression of those ideas is virtually identical. In
21 addition, Heroes Charge allegedly includes a portion of Lilith's
22 code that triggers Lilith's copyright notice to appear at a certain
23 point while playing Heroes Charge.

24 In its first claim for relief for copyright infringement,
25 Lilith alleges that uCool unlawfully gained access to Lilith's
26 copyrighted computer software code embodied in Sword and Tower and

27 ² The game has also been referred to as "Dota Legends". See, e.g.,
28 ECF No. 43-01 ¶ 2.

1 copied it into the source code embodied in Heroes Charge. Because
2 Sword and Tower is not a United States work as defined in 17 U.S.C.
3 § 101, Lilith brings its copyright infringement claim under the
4 Berne Convention, an international agreement governing copyright,
5 to which both the United States and China are signatories.

6 In its second claim for relief, Lilith alleges that 240,000
7 lines of software code embodied in Sword and Tower are a trade
8 secret and that uCool knowingly misappropriated that trade secret
9 in violation of California's Uniform Trade Secrets Act (Cal. Civ.
10 Code § 3426, et seq.) when it allegedly used Lilith's code to
11 create Heroes Charge. Lilith claims to maintain the Sword and
12 Tower source code confidentially, limiting access only to those
13 employees who need access to perform their duties.³

14 Lilith's third, fourth, and fifth claims for relief allege
15 violations of California's Unfair Competition Law (Cal. Bus. &
16 Prof. Code § 17200, et seq.). Specifically, Lilith claims that by
17 misappropriating Lilith's trade secrets, uCool engaged in unlawful,
18 unfair, and fraudulent business practices.

19 20 **III. LITIGATION HISTORY**

21 Lilith filed its first amended complaint on April 8, 2015.
22 ECF No. 20 ("FAC"). On April 22, 2015, Lilith filed a motion for
23 preliminary injunction seeking to enjoin uCool from reproducing,
24 copying, preparing any derivative works, or distributing any of
25 Lilith's trade secrets or copyrights allegedly contained in uCool's

26 ³ Further, Lilith claims that those who are granted access are
27 required to agree that the code is owned by Lilith, will not be
28 disclosed to any third party, and is to be confidentially
maintained.

1 video game, Heroes Charge. ECF No. 30 ("Prel. Inj. Mot.").

2 On June 4, 2015 and again on June 18, 2015, the Court
3 continued the hearing on Lilith's motion for preliminary injunction
4 until August 15, 2015 in order to allow the parties to take limited
5 discovery in preparation for the preliminary injunction hearing.
6 ECF Nos. 48, 58.

7 The parties held a Rule 26(f) conference on May 26, 2015, and
8 discovery commenced immediately thereafter. uCool, however, has
9 not responded to Lilith's discovery requests because it claims that
10 Lilith is barred from taking discovery until Lilith provides a more
11 particularized description of its trade secrets. As explained
12 below, Lilith is not barred from taking discovery, and uCool may no
13 longer refuse to provide discovery responses on that basis.

14
15 **IV. DISCUSSION**

16 uCool's motion presents two related issues: (1) Whether section
17 2019.210 of the California Code of Civil Procedure applies to cases
18 brought in federal court; and (2) if section 2019.210 does apply,
19 whether Lilith satisfied its requirement to identify trade secrets
20 with "reasonable particularity." For the reasons set forth below,
21 the Court finds that section 2019.210 applies to this case and that
22 Lilith identified its trade secrets with "reasonable
23 particularity."

24 **A. Applicability of Section 2019.210 in Federal Court**

25 The Court must first decide whether the California statutory
26 requirement in section 2019.210 for a plaintiff to identify his
27 trade secrets with "reasonable particularity" should apply in a
28 federal court sitting in California. The Ninth Circuit has not

1 decided this issue, and federal district courts are split. Compare
2 Gabriel Technologies Corp. v. Qualcomm Inc., No. 08CV1992, 2012
3 U.S. Dist. LEXIS 33417, at *11 (S.D. Cal. March 13, 2012) and Soc.
4 Apps, LLC v. Zynga, Inc., 2012 WL 2203063, at *2 (N.D. Cal. June
5 14, 2012) (holding that section 2019.210 did apply), with Funcat
6 Leisure Craft, Inc. v. Johnson Outdoors, Inc., No. S-06-0533, 2007
7 U.S. Dist. LEXIS 8870, at *7-9 (E.D. Cal. Jan 29, 2007) and
8 Hilderman v. Enea Teksci, Inc., No. 05CV0149-BTM, 2010 U.S. Dist.
9 LEXIS 1527, at *6-10 (S.D. Cal. Jan 8, 2010) (holding that section
10 2019.210 did not apply). For the reasons set forth below, the
11 Court follows the cases applying section 2019.210 in federal cases.

12 When questions of state law are raised in federal court, the
13 federal court generally applies the state's substantive law but
14 federal procedural law. Erie R. Co. v. Tompkins, 304 U.S. 64, 78
15 (1938). The determination of whether a rule is "substantive"
16 depends on the legal context and requires the court to consider
17 whether the state rule conflicts with any applicable federal rule.
18 Hanna v. Plumer, 380 U.S. 460, 471 (1965). If there is a conflict,
19 the federal rule prevails. If there is no conflict, the court then
20 looks to whether the failure to apply the state rule would
21 significantly affect the outcome of the litigation or create
22 incentives for forum-shopping. Id. at 468.

23 Section 2019.210 of the California Code of Civil Procedure
24 states:

25 In any action alleging the misappropriation of a trade
26 secret . . . before commencing discovery relating to the
27 trade secret, the party alleging the misappropriation
28 shall identify the trade secret with reasonable

particularity subject to any orders that may be appropriate under Section 3426.5 of the Civil Code.⁴

Cal. Civ. Proc. Code § 2019.210.

Courts declining to apply section 2019.210 in federal cases have held that section 2019.210 conflicts with Federal Rule of Civil Procedure 26. See, e.g., Hilderman, 2010 U.S. Dist. LEXIS 1527, at *6-10. Specifically, those courts have reasoned that, by allowing the defendant to refuse discovery until the plaintiff has satisfied the "reasonable particularity" requirement, section 2019.210 erects a bar to commencing discovery that would not otherwise exist in federal court. See id. at *7.

Courts in the Northern District of California, however, have generally found that section 2019.210 is applicable in federal cases. See Zynga, 2012 WL 2203063, at *2; Jobscience, Inc. v. CVPpartners, Inc., No. C 13-04519 WHA, 2014 WL 852477, at *4 (N.D. Cal. Feb. 28, 2014). These courts have held that section 2019.210 assists the court in defining the appropriate scope of discovery in a trade secrets case and does not conflict with any Federal Rule of Civil Procedure. See id.

The Court finds the reasoning of the cases applying section 2019.210 in federal cases more persuasive. Section 2019.210 is generally consistent with Rule 26's requirements of early disclosure of evidence and the Court's authority to control the timing and sequence of discovery in the interests of justice. It

⁴ A trade secret is "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." Cal. Civ. Code § 3426.1(d); see IMAX Corp. v. Cinema Technologies, Inc. 152 F.3d 1161, 1165 (1998).

1 is also consistent with the court's authority to issue a protective
2 order regarding discovery of trade secrets and confidential
3 information as set forth in Rule 26(c)(1)(G). What is more, by
4 applying section 2019.210 to trade secret claims filed in federal
5 court, courts avoid creating improper incentives for forum
6 shopping. Refusal to apply section 2019.210 in federal cases could
7 allow plaintiffs to change their trade secret claims in light of
8 information revealed in discovery, which would attract plaintiffs
9 to the federal forum. See id. (citing Computer Economics, 50 F.
10 Supp. 2d at 992; Gabriel Technologies, 2012 WL 849167 at *4).

11 For these reasons, the Court finds that section 2019.210 is
12 properly applied in this case.

13 **B. Section 2019.210 Analysis**

14 Section 2019.210 requires the plaintiff to identify the trade
15 secret "with reasonable particularity," but it is not entirely
16 clear from the statute what "reasonable particularity" means in a
17 given case. Cal. Civ. Proc. Code § 2019.210. In general, a
18 plaintiff's identification of trade secrets are "to be liberally
19 construed . . . and doubts about the permissible scope of discovery
20 are to be resolved in favor of disclosure." Advanced Modular
21 Sputtering, Inc. v. Super. Ct., 132 Cal. App. 4th 826, 835 (2005).
22 Thus, "reasonable particularity" does not mean that the plaintiff
23 "has to define every minute detail of its claimed trade secret at
24 the outset of the litigation." Id. Instead, a plaintiff must make
25 a showing that is "fair, proper, just and rational . . . in a
26 manner that will allow the trial court to control the scope of
27 subsequent discovery, protect all parties' proprietary information,
28 and allow them a fair opportunity to prepare and present their best

1 case or defense at a trial on the merits." Id. at 836.

2 "Reasonable particularity" should also be understood in light
3 of the purpose of section 2019.210:

4 First, [section 2019.210] promotes well-investigated
5 claims and dissuades the filing of meritless trade secret
6 complaints. Second, it prevents plaintiffs from using the
7 discovery process as a means to obtain the defendant's
8 trade secrets. Third, the rule assists the court in
9 framing the appropriate scope of discovery and in
10 determining whether plaintiff's discovery requests fall
11 within that scope. Fourth, it enables defendants to
12 form complete and well-reasoned defenses, ensuring that
13 they need not wait until the eve of trial to effectively
14 defend against charges of trade secret misappropriation.

15 Id. at 833-34 (quoting Computer Economics, Inc. v. Gartner Group
16 Inc., 50 F. Supp. 2d 980, 985 (1999)). Accordingly, courts have
17 required plaintiffs "to identify or designate the trade secrets at
18 issue with 'sufficient particularity' to limit the permissible
19 scope of discovery by distinguishing the trade secrets 'from
20 matters of general knowledge in the trade or of special knowledge
21 of those persons . . . skilled in the trade.'" Id. at 835 (quoting
22 IMAX Corp. v. Cinema Technologies, Inc., 152 F.3d 1161, 1164-1165
23 (1998)).

24 Finally, the degree of "particularity" that is "reasonable"
25 will differ depending on the trade secrets at issue. For example,
26 in Advanced Modular Sputtering, Inc. v. Superior Court, the alleged
27 trade secrets consisted of "incremental variations on, or advances
28 in the state of the art in [the] highly specialized technical
field" of "sputtering equipment" -- equipment used "to deposit a
thin and even film of material onto a silicon wafer." Id. at 836.
The court required "a more exacting level of particularity" in that
case because additional information was necessary "to distinguish
the alleged trade secrets from matters already known to persons

1 skilled in that field."⁵ Id.

2 In its complaint, Lilith claims its trade secret consists of
3 the 240,000 lines of Lua code authored by Lilith to create Sword
4 and Tower. FAC ¶ 21. Those specific lines of code were allegedly
5 authored to express Lilith's original and uniquely developed game.
6 Lilith claims to have taken reasonable steps to maintain that code
7 as a secret, including through password protected servers and
8 confidentiality agreements. Id. ¶ 22.

9 In addition to its complaint, Lilith has provided additional
10 information showing how its trade secret differs from other source
11 code embodied in Sword and Tower. For example, in its declaration
12 supporting its motion for preliminary injunction, Lilith explained
13 that its employees exclusively authored 240,000 lines of software
14 code in a language called Lua. ECF No. 30-14 ("Zhang Decl.") ¶ 4.
15 The declaration also described the game development process whereby
16 Lilith's employees first designed the game and set the rules that
17 would govern its play. Id. ¶¶ 3-4. Lilith's programmers then had
18 the task of writing source code in the Lua coding language to
19 implement and bring those development efforts to light. Id. ¶¶ 4-
20 5. Lilith further explained that while many people may know the
21 Lua language, "there are numerous ways in which the code can be
22 authored and structured to achieve a desired result." Id. ¶ 5.
23 The specific way that Lilith authored and structured the Lua Code
24 in Sword and Tower is what Lilith is claiming as its "confidential,"

25 _____
26 ⁵ The court also noted, however, that "the proponent of the alleged
27 trade secret is not required . . . to describe it with the greatest
28 degree of particularity possible, or to reach such an exacting
level of specificity that even its opponents are forced to agree
the designation is adequate." Id.

1 proprietary, and trade-secret information." Opp'n at 2.

2 In addition to those filings, Lilith provided uCool with a
3 Trade Secret Disclosure Statement. ECF No. 55-2 ("TS Discl.
4 Stmt."). The disclosure presented facts, supported by Mr. Zhang's
5 declaration, describing Lilith's alleged trade secret in the Sword
6 and Tower code. The disclosure included information regarding the
7 steps taken by Lilith to develop Sword and Tower, how Lilith's
8 employees authored approximately 240,000 lines of Lua code to
9 implement Lilith's development efforts, how the particular code
10 embodied in Sword and Tower is unique to Lilith and not generally
11 known, and a description of Lilith's efforts to keep its Lua code
12 confidential. TS Discl. Stmt. at 2-4.

13 Lilith has provided more than enough information to determine
14 with sufficient particularity the trade secrets at issue in this
15 case. Moreover, it has provided sufficient information to
16 differentiate its trade secret from other code contained in Sword
17 and Tower. Specifically, when Sword and Tower is downloaded from
18 the App Store, the download package contains three parts: (1) the
19 game written by Lilith in Lua, comprised of 240,000 unique lines of
20 code; (2) the open-source engine Cocos2d-x, of which there is
21 approximately 1,737,487 lines of source code; and (3) the SDK
22 provided by Apple. Opp'n at 2. Lilith is claiming only the first
23 as a trade secret.

24 In technical cases such as this, a plaintiff must describe the
25 trade secret, not merely the technology. See IDX Sys. v. Epic Sys.
26 Corp., 285 F.3d 581, 583-84 (7th Cir. 2002). Thus, Lilith's
27 description would have been inadequate if it had simply declared
28 that Sword and Tower contained valuable trade secrets and then

1 pointed to uCool's use of Sword and Tower as misappropriation. See
2 Mai Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511, 522-23 (9th
3 Cir. 1993). Instead, Lilith specifically identified the trade
4 secret contained in the software and differentiated the trade
5 secret from other components. In doing so, Lilith has set the
6 boundaries for its trade secret.⁶ uCool is therefore in a position
7 to understand Lilith's trade secret claim and formulate its
8 defenses accordingly.

9 Citing Advanced Modular Sputtering, Inc., uCool argues that "a
10 more exacting level of particularity" is necessary in order to
11 determine Lilith's trade secrets. Mot. at 12. Unlike the alleged
12 trade secrets in Advanced Modular Sputtering, Inc., however, the
13 trade secrets in this case are not hard to identify, nor do they
14 represent "incremental variations on or advances . . . in a highly
15 specialized technical field." Id. The code at issue in this case
16 is a unique combination of code in a well-known programming
17 language, not an "incremental variation on or advance" in the
18 fields of software or video game development. Nor does this case
19 involve a highly specialized field. Although software programming
20 is technical, authoring programming for a video game is not nearly
21 as specialized or technical as the trade secrets at issue in
22 Advanced Modular Sputtering, Inc., which required additional
23 disclosure in order to differentiate the trade secrets from other
24 aspects of the equipment.

25
26 ⁶ uCool's citation to Perlan Therapeutics, Inc. v. Super. Ct., 178
27 Cal. App. 4th 1333 (2009) is unavailing. Unlike the plaintiff in
28 Perlan, Lilith has segregated its alleged trade secrets and
explained how its secrets differ from publicly available knowledge.

12